

PRODUCT PROMOTION PLAN

3rd Sales Cycle

May 5- July 4, 1975



PHILIP MORRIS U.S.A.

BUILDING TO #1

1005200164

3rd Sales Cycle

May 5- July 4, 1975

SOUTHERN CALIFORNIA

BRANDS WEEK BEGINNING

ON 1ST FEATURED BRAND

DISPLAY 2ND FEATURED BRAND

 3RD FEATURED BRAND

MAY 5 - JULY 4, 1975								
5	12	19	26	2	9	16	23	30
SARATOGA 120'S				MARLBORO FAMILY				
B & H 100'S				SARATOGA 120'S				
VIRGINIA SLIMS								

PLEASE NOTE: The 3rd Sales Cycles will run for a total of nine weeks.

BACKGROUND INFORMATION

SARATOGA 120'S

1ST FEATURED BRAND - May 5 - May 30, 1975

2ND FEATURED BRAND - June 2 - July 4, 1975

CONSUMER OFFER:

- Generic - Continued Introductory Coverage.

BRAND ACTIVITY:

- With the initial introductory effort completed, Saratoga 120's appear to be a very successful entry into the new 100mm-plus cigarette category.
- During the first four weeks of the Cycle, May 5 - May 30, 1975:
 - Saratoga 120's will be the 1st Featured Brand, with a five carton sell-in and 5% Gratis allowed.



PHILIP MORRIS U.S.A.

BUILDING TO #1

- Saratoga 120's Regular and Menthol will be featured in the primary position in all contract B & B-1 units.
- A 36-pack Set/Sell is provided for use in non-contract outlets, with a \$1.00 per outlet display payment authorized.
- The Saratoga 120's Special Supermarket Display Program will continue, to include:
 - Plan A payments. (Please Note: Due to the national introduction of Saratoga 120's Plan A payments will be continued for an indefinite period of time. This supersedes the three month limit stated in the present Special Retail Merchandising contract.)
 - Permanent (wire) or Temporary check-out display payments.
 - "Mini-Merchandiser" payment.
- The use of special Saratoga 120's P.O.S. material will continue, to include:
 - 8, 12 and 16 channel Pack Master header cards, with the new "day-glow" letters.
 - Single Pack-Rack Extenders.
 - Jumbo Packs.
 - Carton rack Divider/Shelf Talker.
 - Posters with "day-glow" letters.
- During the second five weeks of the Cycle, June 2 - July 4, 1975:
 - Saratoga 120's will be the 2nd Featured Brand, with a three carton sell-in and 5% Gratis allowed.
 - Saratoga 120's Regular and Menthol will be featured in the secondary position in all contract B-1 units. However, due to the length of the brand, Saratoga 120's will continue to be featured in the primary position in all new wire rack contract B units.
 - Continue to utilize existing quantities of Saratoga 120's P.O.S. materials and secondary materials provided to maintain exposure for the brand.

1005200166

Do not sign any additional Special Supermarket Display Program contracts at this time. A new contract and additional instructions will be provided at a later date.

Remember, the distribution and display of Saratoga 120's is essential to insure the continued success of this exciting new brand.

1005200167

MARLBORO**1ST FEATURED BRAND****JUNE 2 - JULY 4, 1975****CONSUMER OFFER:**

- Generic

BRAND ACTIVITY:

- As Marlboro closes on the Number 1 brand position in the United States, every effort must be made to insure that adequate inventories of Marlboro Red and all other packings are maintained in every outlet.
- The display and availability of every Marlboro packing is essential during 1975.
- The entire Marlboro Family will be featured in a colorful 30-pack Set/Sell display during the second portion of this Cycle, with a \$1.00 per outlet display payment authorized.
- The Marlboro Family will be featured in the primary position in all contract B-1 units. However, due to the length of Saratoga 120's, the Marlboro Family will be featured in the secondary position in all new wire rack contract B units. Saratoga 120's will occupy the primary position in these B units.
- The sell-in will consist of five cartons of Marlboro (2 100's, 2 Lights, 1 Menthol), with 5% Gratis allowed.

A-1 PROMOTION:

- The Marlboro Family will be featured in a unique 184 carton A-1 Promotion this Cycle (June 2 - June 27, 1975).
- The consumer will be offered "free with a carton purchase", a attractive poster - "The Great Trails of the West and the Men who Rode Them".

BRAND GROWTH*

- Marlboro Box + 1.1%
- Marlboro Soft + 3.7%
- Total Marlboro Red + 2.3%
- Marlboro 100's Box + 26.5%

1005200168

. Marlboro 100's Soft	+ 14.6%
. Total Marlboro 100's	+ 16.9%
. Marlboro Lights	+ 32.1%
. Marlboro Menthol	+ 15.7%
. TOTAL MARLBORO	+ 5.5%

*Note: All Sales Figures national Philip Morris as of March 31, 1975.

1005200169

BENSON & HEDGES 100'S

2ND FEATURED BRAND

MAY 5 - MAY 30, 1975

CONSUMER OFFER:

- . Generic

BRAND ACTIVITY:

- . Benson & Hedges 100's was the number one 100mm brand and the fastest growing top ten brand in 1974. Overall, Benson & Hedges 100's is the eighth largest cigarette brand in the industry. (Maxwell Preliminary 1974 Year-End Estimates.)
- . Gaining distribution and display of both Regular and Menthol in all retail outlets is a top priority this Cycle.
- . 1974 was the best year ever for Benson & Hedges 100's. With your continued support, 1975 will prove to be another record year for the brand.

BRAND GROWTH:*

- | | |
|---|--------|
| . Benson & Hedges 100's Regular | + 4.2% |
| . Benson & Hedges 100's Menthol | + 9.9% |
| . TOTAL BENSON & HEDGES 100'S | + 6.2% |

*Note: All Sales Figures national Philip Morris as of March 31, 1975.

1005200170

VIRGINIA SLIMS

3RD FEATURED BRAND

MAY 5- JULY 4, 1975

CONSUMER OFFER:

- The "Ginny Jersey" will be offered to consumers through the mail for \$6.00 and two end panels from Virginia Slims.
- The Virginia Slims Tennis Circuit "Ginny Jersey" is made of 100% cotton. The jersey is available in red or white with "Ginny", the symbol of the Tennis Circuit, embroidered on the front in four colors.
- The "Ginny Jersey" will be featured on a distinctive 20 pack Set/Sell unit this Cycle.

BRAND ACTIVITY:

- 1974 was a strong year for Virginia Slims, with both Regular and Menthol contributing significant sales and share gains.
- The "Ginny Jersey" is a natural extension of last year's incredibly successful Virginia Slims Pro T-Shirt offer (a quarter-of-a-million T-shirts sold) and will help reinforce the brand's advertising and tennis involvement.
- The success of Virginia Slims consumer promotions, advertising, and tennis activities will provide tools to help insure that both Regular and Menthol are available in every outlet in 1975.

BRAND GROWTH:*

• Virginia Slims Regular	+ 6.8%
• Virginia Slims Menthol	+ 10.3%
• TOTAL VIRGINIA SLIMS	+ 8.3%

*Note: All Sales Figures national Philip Morris as of March 31, 1975.

1005200171

RETAIL ACTIVITY

SELL-IN

1975	MAY						1975
S	M	T	W	T	F	S	
	5	6	7	8	9	10	
11	12	13	14	15	16	17	
18	19	20	21	22	23	24	
25	26	27	28	29	30	31	

MAY 5 - MAY 30, 1975

5 Saratoga 120's
(3 Regular, 2 Menthol)3 Benson & Hedges 100's
(2 Regular, 1 Menthol)2 Virginia Slims
(1 Regular, 1 Menthol)

10 Cartons

1975	JUNE						1975
S	M	T	W	T	F	S	
	1	2	3	4	5	6	7
8	9	10	11	12	13	14	
15	16	17	18	19	20	21	
22	23	24	25	26	27	28	
29	30	1	2	3	4		

JUNE 2 - JULY 4, 1975

5 Marlboro
(2 100's, 2 Lights,
1 Menthol)3 Saratoga 120's
(2 Regular, 1 Menthol)2 Virginia Slims
(1 Regular, 1 Menthol)

10 Cartons

- The Sell-In consists of a 10 carton combination offer, with 5% gratis per outlet on up to 10 cartons.
- Where possible, Sell-In additional cartons of Marlboro Red and other Philip Morris brands (no gratis will be offered on the purchase of additional cartons).
- Latitude is permitted in changing the product mix in the 10 carton Sell-In to fit local circumstances. For example, we suggest a Sell-In of 3 cartons of Saratoga 120's Regular and 2 cartons of Menthol. In a situation where the Retailer has a sufficient inventory of Menthol, you may Sell-In 4 or 5 cartons of Saratoga 120's Regular. However, all display units must contain both Regular and Menthol. Direct any specific questions concerning the Sell-In to your Division Manager.

GRATIS AND DISPLAY ALLOWANCE

- 5% Gratis per outlet on up to ten cartons or one pack free with two cartons up to five packs free with a ten carton purchase.
- \$1.00 Set/Sell allowance per outlet for displays placed in a self-service position for two weeks.
- In outlets with a B or B-1 merchandising contract, use the 20 pack Set/Sell display. In those without a merchandising contract, use the 36 or 30 pack Set/Sell displays. (NOTE: The Saratoga 120's 30 pack Set/Sell is for use in supermarkets).
- The Saratoga 120's Special Supermarket Display program will continue, as outlined in the Background Information Section.
- Combinations you can offer the retailer:
 - 5% gratis plus the \$1.00 Set/Sell allowance.

1005200172

- . The 5% gratis alone
- . The \$1.00 Set/Sell allowance alone.

DISPLAY LOCATIONS

- . All Displays must be placed in a self-service position on the Front Counter or
- . In active Supermarket Checkout Lanes.

GRATIS RECEIPT

- | | |
|---------------------|--|
| . GRATIS | -Show the number and brand of gratis used in the space provided. |
| . DISPLAY ALLOWANCE | -Show \$1.00 display payment in the space provided. |
| . SIGNATURE | -The dealer's signature is required. |
| . COMPLETED RECEIPT | -Attach to your Weekly Expense Voucher or Daily Work Record. |
| . RECORD | -In accordance with Section Policy. |

Jack Belli

1005200173

PRESENTATION SUGGESTIONS

NON-CONTROLLED OUTLETS

OPENER: _____

Featured Brands

Consumer Offer

Brand Growth

Saratoga 120's
Marlboro
Benson & Hedges 100's
Virginia Slims

See Background Information
See Background Information
See Background Information
See Background Information

Local Sales Figures
Local Sales Figures
Local Sales Figures
Local Sales Figures

BENEFITS: _____

Profit Structure

- . 100 Packs X _____¢ per pack selling price = \$ _____ GROSS RESALE VALUE
- . Number Cartons _____ X \$ _____ Cost per carton = \$ _____ RETAILER'S COST
- . Subtract Retailer's Cost from Gross Sales = \$ _____ GROSS DOLLAR PROFIT
 - ADD \$1.00 (Set/Sell Allowance) = \$ _____ SET/SELL ALLOWANCE
 - ADD 5 packs X _____¢ per pack selling price = \$ _____ RESALE VALUE-5 FREE PACKS
- . ADD GROSS DOLLAR PROFIT + SET/SELL ALLOWANCE + 5 FREE PACKS = \$ _____ TOTAL GROSS DOLLAR PROFIT
- . TOTAL GROSS DOLLAR PROFIT ÷ GROSS SALES = \$ _____ GROSS PROFIT MARGIN

CLOSE: _____

- . Brand Growth and Market Share figures are optional elements of this presentation and should be used as required.

CONTROLLED OUTLETS

Primary Objectives: (1) Getting to the order guide, (2) Increasing the base inventory in each outlet and (3) Getting the merchandise out on the carton and pack racks.

FORMAT

APPROACH MANAGER: To tell purchase of call _____

SERVICE DISPLAYS AND RACKS

1005200174

- . Fill and label pack rack.
- . Fill and label carton rack. Use available space to insure that our major brands and packings have adequate distribution.
- . Refill and relocate A-1 or other displays as required.

P.O.S. ITEMS (SMALL PIECES): should be put in place as you are re-setting racks and displays.

INVENTORY CARTONS ON HAND - FOLLOW THESE SELLING POINTS:

- . Note brands which are low or out-of-stock.
- . Check inventory status for last three visits.
- . Explain to the store manager that out-of-stocks are losing him _____ carton sales and _____ dollars profit.
- . Point out the growth of our brands (See Background Information).
- . Formulate a book order based on the inventory condition and needs of the outlet.
- . List your order: By brands: _____ Total order _____
- . Make certain all brands needed by the outlet are placed in the order guide. Leave the suggested order with the store manager.
- . His weekly order should be increased by _____ cartons.

CLOSE: _____

1005200175

PRODUCT PROMOTION PLAN

3rd Sales Cycle

May 5- July 4, 1975

METRO NEW YORK

BRANDS
ON
DISPLAY

WEEK BEGINNING
1ST FEATURED BRAND
2ND FEATURED BRAND
3RD FEATURED BRAND

MAY 5 - JULY 4, 1975									
5	12	19	26	2	9	16	23	30	
SARATOGA 120'S				MARLBORO FAMILY					
B & H 100'S BOX				SARATOGA 120'S					
VIRGINIA SLIMS									

PLEASE NOTE: The 3rd Sales Cycle will run for a total of nine weeks.

BACKGROUND INFORMATION

SARATOGA 120'S

1ST FEATURED BRAND - May 5 - May 30, 1975

2ND FEATURED BRAND - June 2 - July 4, 1975

CONSUMER OFFER:

... Generic - Continued Introductory Coverage.

BRAND ACTIVITY:

- With the initial introductory effort completed, Saratoga 120's appear to be a very successful entry into the new 100mm-plus cigarette category.
- During the first four weeks of the Cycle, May 5 - May 30 1975:
 - Saratoga 120's will be the 1st Featured Brand, with a five carton sell-in and 5% Gratis allowed.



PHILIP MORRIS U.S.A.

BUILDING TO #1

46000-104-00015

1005200176

- . Saratoga 120's Regular and Menthol will be featured in the primary position in all contract B & B-1 units.
- . A 36-pack Set/Sell is provided for use in non-contract outlets, with a \$1.00 per outlet display payment authorized.
- . The Saratoga 120's Special Supermarket Display Program will continue, to include:
 - . Plan A payments. (Please Note: Due to the national introduction of Saratoga 120's Plan A payments will be continued for an indefinite period of time. This supersedes the three month limit stated in the present Special Retail Merchandising contract.)
 - . Permanent (wire) or Temporary check-out display payments.
 - . "Mini-Merchandiser" payment.
- . The use of special Saratoga 120's P.O.S. material will continue, to include:
 - . 8, 12 and 16 channel Pack Master header cards, with the new "day-glow" letters.
 - . Single Pack-Rack Extenders.
 - . Jumbo Packs.
 - . Carton rack Divider/Shelf Talker.
 - . Posters with "day-glow" letters.
- . During the second five weeks of the Cycle, June 2 - July 4, 1975:
 - . Saratoga 120's will be the 2nd Featured Brand, with a three carton sell-in and 5% Gratis allowed.
 - . Saratoga 120's Regular and Menthol will be featured in the secondary position in all contract B-1 units. However, due to the length of the brand, Saratoga 120's will continue to be featured in the primary position in all new wire rack contract B units.
 - . Continue to utilize existing quantities of Saratoga 120's P.O.S. materials and secondary materials provided to maintain exposure for the brand.

1005200177

3.

- Do not sign any additional Special Supermarket Display Program contracts at this time. A new contract and additional instructions will be provided at a later date.
- Remember, the distribution and display of Saratoga 120's is essential to insure the continued success of this exciting new brand.

1005200178

3.

- Do not sign any additional Special Supermarket Display Program contracts at this time. A new contract and additional instructions will be provided at a later date.
- Remember, the distribution and display of Saratoga 120's is essential to insure the continued success of this exciting new brand.

1005200179

MARLBORO

1ST FEATURED BRAND

JUNE 2 - JULY 4, 1975

CONSUMER OFFER:

- Generic

BRAND ACTIVITY:

- As Marlboro closes on the Number 1 brand position in the United States, every effort must be made to insure that adequate inventories of Marlboro Red and all other packings are maintained in every outlet.
- The display and availability of every Marlboro packing is essential during 1975.
- The entire Marlboro Family will be featured in a colorful 30-pack Set/Sell display during the second portion of this Cycle, with a \$1.00 per outlet display payment authorized.
- The Marlboro Family will be featured in the primary position in all contract B-1 units. However, due to the length of Saratoga 120's, the Marlboro Family will be featured in the secondary position in all new wire rack contract B units. Saratoga 120's will occupy the primary position in these B units.
- The sell-in will consist of five cartons of Marlboro (2 100's, 2 Lights, 1 Menthol), with 5% Gratis allowed.

A-1 PROMOTION:

- The Marlboro Family will be featured in a unique 184 carton A-1 Promotion this Cycle (June 2 - June 27, 1975).
- The consumer will be offered "free with a carton purchase", a attractive poster - "The Great Trails of the West and the Men who Rode Them".

BRAND GROWTH*

• Marlboro Box	+ 1.1%
• Marlboro Soft	+ 3.7%
• Total Marlboro Red	+ 2.3%
• Marlboro 100's Box	+ 26.5%

1005200180

. Marlboro 100's Soft	+ 14.6%
. Total Marlboro 100's	+ 16.9%
. Marlboro Lights	+ 32.1%
. Marlboro Menthol	+ 15.7%
. TOTAL MARLBORO	+ 5.5%

*Note: All Sales Figures national Philip Morris as of March 31, 1975.

1005200181

. Marlboro 100's Soft	+ 14.6%
. Total Marlboro 100's	+ 16.9%
. Marlboro Lights	+ 32.1%
. Marlboro Menthol	+ 15.7%
. TOTAL MARLBORO	+ 5.5%

*Note: All Sales Figures national Philip Morris as of March 31, 1975.

1005200182

BENSON & HEDGES 100'S BOX**2ND FEATURED BRAND****May 5 - MAY 30, 1975****CONSUMER OFFER:**

- . Generic

BRAND ACTIVITY:

- . After initial introductory efforts, Benson & Hedges 100's Box is developing a growing consumer franchise.
- . Gaining distribution and display of both Regular and Menthol in all retail outlets is a top priority this Cycle.
- . 1974 was the best year ever for Benson & Hedges 100's. With your continued support, 1975 will prove to be another record year for the brand.
- . In those areas of Connecticut and New Jersey that do not have Benson & Hedges 100's Box, the 2nd Featured Brand will be Benson & Hedges 100's Soft. Appropriate P.O.S. materials will be provided to those Sales Representatives involved.

BRAND GROWTH:*

- . Benson & Hedges 100's Regular (soft). + 4.2%
- . Benson & Hedges 100's Menthol (soft). + 9.9%
- . TOTAL BENSON & HEDGES 100'S + 6.2%

*Note: All Sales Figures national Philip Morris as of March 31, 1975.

1005200183

VIRGINIA SLIMS

3RD FEATURED BRAND

MAY 5- JULY 4, 1975

CONSUMER OFFER:

- . The "Ginny Jersey" will be offered to consumers through the mail for \$6.00 and two end panels from Virginia Slims.
- . The Virginia Slims Tennis Circuit "Ginny Jersey" is made of 100% cotton. The jersey is available in red or white with "Ginny", the symbol of the Tennis Circuit, embroidered on the front in four colors.
- . The "Ginny Jersey" will be featured on a distinctive 20 pack Set/Sell unit this Cycle.

BRAND ACTIVITY:

- . 1974 was a strong year for Virginia Slims, with both Regular and Menthol contributing significant sales and share gains.
- . The "Ginny Jersey" is a natural extension of last year's incredibly successful Virginia Slims Pro T-Shirt offer (a quarter-of-a-million T-shirts sold) and will help reinforce the brand's advertising and tennis involvement.
- . The success of Virginia Slims consumer promotions, advertising, and tennis activities will provide tools to help insure that both Regular and Menthol are available in every outlet in 1975.

BRAND GROWTH:*


. Virginia Slims Regular	+ 6.8%
. Virginia Slims Menthol	+ 10.3%
. TOTAL VIRGINIA SLIMS	+ 8.3%

*Note: All Sales Figures national Philip Morris as of March 31, 1975.

1005200184

RETAIL ACTIVITY

SELL-IN

1975	MAY							1975
S	M	T	W	T	F	S		
								
4	5	6	7	8	9	10		
11	12	13	14	15	16	17		
18	19	20	21	22	23	24		
25	26	27	28	29	30	31		

MAY 5 - MAY 30, 1975

- 5 Saratoga 120's
(3 Regular, 2 Menthol)
- 3 Benson & Hedges 100's Box
(2 Regular, 1 Menthol)
- 2 Virginia Slims
(1 Regular, 1 Menthol)

10 Cartons

1975	JUNE							1975
S	M	T	W	T	F	S		
1	2	3	4	5	6	7		
8	9	10	11	12	13	14		
15	16	17	18	19	20	21		
22	23	24	25	26	27	28		
29	30	1	2	3	4			

JUNE 2 - JULY 4, 1975

- 5 Marlboro
(2 100's, 2 Lights,
1 Menthol)
- 3 Saratoga 120's
(2 Regular, 1 Menthol)
- 2 Virginia Slims
(1 Regular, 1 Menthol)

10 Cartons

- The Sell-In consists of a 10 carton combination offer, with 5% gratis per outlet on up to 10 cartons.
- Where possible, Sell-In additional cartons of Marlboro Red and other Philip Morris brands (no gratis will be offered on the purchase of additional cartons).
- Latitude is permitted in changing the product mix in the 10 carton Sell-In to fit local circumstances. For example, we suggest a Sell-In of 3 cartons of Saratoga 120's Regular and 2 cartons of Menthol. In a situation where the Retailer has a sufficient inventory of Menthol, you may Sell-In 4 or 5 cartons of Saratoga 120's Regular. However, all display units must contain both Regular and Menthol. Direct any specific questions concerning the Sell-In to your Division Manager.

GRATIS AND DISPLAY ALLOWANCE

- 5% Gratis per outlet on up to ten cartons or one pack free with two cartons up to five packs free with a ten carton purchase.
- \$1.00 Set/Sell allowance per outlet for displays placed in a self-service position for two weeks.
- In outlets with a B or B-1 merchandising contract, use the 20 pack Set/Sell display. In those without a merchandising contract, use the 36 or 30 pack Set/Sell displays. (NOTE: The Saratoga 120's 30 pack Set/Sell is for use in supermarkets).
- The Saratoga 120's Special Supermarket Display program will continue, as outlined in the Background Information Section.
- Combinations you can offer the retailer:
 - 5% gratis plus the \$1.00 Set/Sell allowance.

1005200185

- . The 5% gratis alone
- . The \$1.00 Set/Sell allowance alone.

DISPLAY LOCATIONS

- . All Displays must be placed in a self-service position on the Front Counter or
- . In active Supermarket Checkout Lanes.

GRATIS RECEIPT

- | | |
|---------------------|--|
| . GRATIS | -Show the number and brand of gratis used in the space provided. |
| . DISPLAY ALLOWANCE | -Show \$1.00 display payment in the space provided. |
| . SIGNATURE | -The dealer's signature is required. |
| . COMPLETED RECEIPT | -Attach to your Weekly Expense Voucher or Daily Work Record. |
| . RECORD | -In accordance with Section Policy. |

Jack Seiler

1005200186

PRESENTATION SUGGESTIONS

NON-CONTROLLED OUTLETS

OPENER: _____

Featured Brands	Consumer Offer	Brand Growth
Saratoga 120's	See Background Information	Local Sales Figures
Marlboro	See Background Information	Local Sales Figures
Benson & Hedges 100's Box	See Background Information	Local Sales Figures
Virginia Slims	See Background Information	Local Sales Figures

BENEFITS: _____

Profit Structure

- . 100 Packs X _____¢ per pack selling price = \$ _____ GROSS RESALE VALUE
- . Number Cartons _____ X \$ _____ Cost per carton = \$ _____ RETAILER'S COST
- . Subtract Retailer's Cost from Gross Sales = \$ _____ GROSS DOLLAR PROFIT
 - ADD \$1.00 (Set/Sell Allowance) = \$ _____ SET/SELL ALLOWANCE
 - ADD 5 packs X _____¢ per pack selling price = \$ _____ RESALE VALUE-5 FREE PACKS
- . ADD GROSS DOLLAR PROFIT + SET/SELL ALLOWANCE + 5 FREE PACKS = \$ _____ TOTAL GROSS DOLLAR PROFIT
- . TOTAL GROSS DOLLAR PROFIT ÷ GROSS SALES = \$ _____ GROSS PROFIT MARGIN

CLOSE: _____

. Brand Growth and Market Share figures are optional elements of this presentation and should be used as required.

CONTROLLED OUTLETS

Primary Objectives: (1) Getting to the order guide, (2) Increasing the base inventory in each outlet and (3) Getting the merchandise out on the carton and pack racks.

FORMAT

APPROACH MANAGER: To tell purchase of call _____

SERVICE DISPLAYS AND RACKS

1005200187

- . Fill and label pack rack.
- . Fill and label carton rack. Use available space to insure that our major brands and packings have adequate distribution.
- . Refill and relocate A-1 or other displays as required.

P.O.S. ITEMS (SMALL PIECES): should be put in place as you are re-setting racks and displays.

INVENTORY CARTONS ON HAND - FOLLOW THESE SELLING POINTS:

- . Note brands which are low or out-of-stock.
- . Check inventory status for last three visits.
- . Explain to the store manager that out-of-stocks are losing him _____ carton sales and _____ dollars profit.
- . Point out the growth of our brands (See Background Information).
- . Formulate a book order based on the inventory condition and needs of the outlet.
- . List your order: By brands: _____ Total order _____
- . Make certain all brands needed by the outlet are placed in the order guide. Leave the suggested order with the store manager.
- . His weekly order should be increased by _____ cartons.

CLOSE: _____

1005200188

3rd Sales Cycle

May 5- July 4, 1975

TO: FIELD SALES FORCE

FROM: J. J. Gillis

We want to offer each of you our congratulations on a job well done during the Saratoga 120's Introduction. Because of your excellent and energetic efforts, Saratoga 120's is exhibiting strong growth and gaining an increasing consumer franchise. We are all optimistic about the continued success of Saratoga 120's.

We are committed to making 1975 the most successful year in the history of Philip Morris. In order to attain this goal, we must concentrate our energies and expertise on maintaining display and distribution of all our brands in every retail outlet. This is especially important, in light of the competitive pressures we face on all fronts.

We are confident that your dedication and support will contribute significantly to our continued success.

Jack Gillis



PHILIP MORRIS U.S.A.

BUILDING TO #1

3RD SALES CYCLE MAY 5 - JULY 4, 1975

DIVISION MANAGERS

TRAINING

- . Spend a full day selling the Production Promotion Plan for the 3rd Cycle before meeting with your Sales Representatives.
- . Develop a selling approach for your Division based on the 10 carton P.P.P. offer.
- . Role-play this selling approach with your Sales Representatives prior to beginning retail calls.
- . Emphasize the importance of selling the benefits of our brands to the trade and consumers, rather than just the P.P.P. offer.
- . Maintain an on-going program for improving the skills of each of your Sales Representatives.

SUPERVISION

- . Insure that proper territory coverages, utilization and distribution of P.O.S. materials, and Sell-In procedures are followed in order to maximize the volume potential of your territory.
- . Develop an on-going program for auditing Daily Work Records and Expense Vouchers. This is an important management responsibility.
- . Constantly review Retail Call Cards to insure that all information is maintained in an updated and accurate manner.
- . Review daily call rates with all Sales Representatives and make improvements wherever possible.
- . Use your Scanner Print-out to develop an analysis of individual productivity.
- . Determine if you have received a sufficient quantity of P.O.S. materials for the entire Sales Cycle prior to or at your first sales meeting. In the event of a shortage, reorder immediately. Do not wait until the Cycle begins to contact New York.

RETAIL ACTIVITY

- . Maintaining adequate inventories of all our brands in all accounts continues to be a top priority activity this Cycle.
- . Supermarkets are of special importance.

1005200190

- . The "Presentation Suggestions" for Non-Controlled and Controlled accounts should be reviewed, and used in all calls.

REPORTING

- . The Scanner Sheet is a key report. Emphasize the importance of filling in all information accurately and carefully.
- . Use only Scanner Sheets included with this Cycle's P.O.S. Kit.
- . Carefully review the Scanner Reporting Instructions with all Sales Representatives. The Scanner Sheets have been revised to allow for a more detailed description of the Representatives' daily activities. (Please note: Scanner Reporting Instructions will be forwarded under separate cover.)
- . Make certain that Scanner Sheets are mailed to Market Control Systems each Friday at the completion of sales activities.

1005200191

AREA MANAGERS - DISTRIBUTOR SALES

DISTRIBUTOR COVERAGE

- Contact all distribution outlets used by Sales Representatives to purchase merchandise for the P.P.P. first.
- Insure total product availability at all distributors in support of P.P.P. activities.
- Out-of-stock or low stock conditions at the distributor level require constant attention. Up-grade standing orders at every opportunity to a minimum of 85% of product purchases.

VENDING COVERAGE

The New Vending Program

- Make certain that you are completely familiar with all the details of our new Vending Contract and Rapid distribution program.
- Review this program with all of your vendors and attempt to gain their participation in our column payment program.
- To be eligible for the Rapid Distribution Allowance, vendors must sign a Participation Agreement. Please Note: The Rapid Distribution Allowance is available only through June 30, 1975.
- This is an important and aggressive Vending Program, designed to increase Philip Morris column placements during 1975.
- Establish your goals accordingly.

THE CONVERSION TOOL

- Conversion Tool activities are on-going. Presentations and conversions must be scheduled in an organized and planned manner.
- Identify potential conversions by analyzing your accounts thoroughly.
- Once you have outlined your objectives, review them with your Section Manager prior to implementation.
- To convert a customer's machine, the minimum gain must be 4 additional columns of Philip Morris' brands.
- Use the "Space Reserver" Decal Tape to insure that these 4 columns are used for our brands.

1005200192

AREA MANAGER - CHAIN SALESPLAN A

- Continue to review Plan-O-Grams for all accounts in your area of responsibility. Update and secure chain approval for a share of the carton fixture equal to our market share in your area.
- Plan-O-Grams must be continually adjusted to provide the best possible space allocation for our major brands. Slower selling brands may be combined to provide adequate space for the major packings.
- The Chain Plan-O-Gram Survey Form, which was issued during the early part of 1974, should be used when submitting all Plan-O-Grams.

PLAN A-1

- The Benson & Hedges 100's "Long Stationery" Promotion.
 - The "Long Stationery" display will now be going up in your accounts. Plan to audit approximately 50 stores to determine if these displays meet minimum contract requirements. Notify your Section Manager of any non-compliance problems.
 - All invoices for this promotion should be mailed in no later than May 31, 1975.
- The Marlboro "Western Poster" Promotion.
 - The "Great Trails of the West and the Men Who Rode Them" A-1 display is scheduled for the period June 2 - June 27, 1975. Make certain that all accounts understand minimum performance requirements for the \$10.00 payment. They must be aware that Philip Morris is paying for the placement of a 184 carton display in a self-service position in their outlets for a period of two-weeks.
 - Plan to audit approximately 50 stores during June to determine if any of your accounts are not complying with their agreement.

MERCHANDISINGSHOW AND SELL CONCEPT

- Continue to present the Show and Sell concept to those accounts that have removed cigarettes from a self-service merchandising position. This alternative merchandising concept has proven effective in

1005200193

improving cigarette sales and is now receiving significant competitive attention.

PACK MASTER MERCHANDISER

- . All sizes - 8, 12 and 16 channel - are available and may be ordered in the normal manner.

SERVICE CENTER

- . The AMCS Service Center Seminar held in December 1974 has provided you with additional tools and ideas to assist in making Service Center presentations. Aggressively pursue this program to improve our merchandising capabilities, particularly in chains that have restrictive carton and package sale policies.
- . The Service Center Presentation is an important on-going activity.
- . In accounts where presentations have been made, follow through to get the commitment.
- . Reporting: we need the following information from you on a monthly basis:
 - . Total number of Service Centers in operation in your area.
 - . Number of Service Centers now under construction in your area.
 - . Number of Service Centers planned in your area.
 - . Send this information to your SSM monthly with a copy to Gerald Choyke in the New York Office.

1005200194

MILITARY REPRESENTATIVES

BRAND GROWTH

- For your information, the following chart provides military and national sales growth figures for all major brands through March 31, 1975. These figures will enable you to compare military with national growth.

<u>Brands</u>	<u>Military Growth</u>	<u>Nat. Growth</u>	<u>Brands</u>	<u>Military Growth</u>	<u>Nat. Growth</u>
Marlboro Red	-3.6%	+2.3%	Parliament 80/85's	-7.6%	-4.6%
Marlboro 100's	+11.5%	+16.9%	Parliament 100's	+24.8%	+12.8%
Marlboro Lights	+28.1%	+32.1%	TOTAL PARLIMENT	-2.4%	-0.2%
Marlboro Menthol	+5.3%	+15.7%	B&H 100's Reg.	-1.0%	+4.2%
TOTAL MARLBORO	-0.2%	+5.5%	B&H 100's Men.	+8.0%	+9.9%
Virginia Slims Reg.	+5.4%	+6.8%	TOTAL B&H 100's	+2.5%	+6.2%
Virginia Slims Men.	+18.2%	+10.3%	TOTAL B&H MULTIFILTER	-17.5%	-4.6%
TOTAL VIRGINIA SLIMS	+10.1%	+8.3%	<u>TOTAL - ALL BRANDS</u>	+0.7%	+5.0%

NOTE: All Figures national Philip Morris as of March 31, 1975.

DISTRIBUTION/INVENTORY

- Continue to identify accounts with distribution voids and make presentations designed to close these voids.
- As our brands continue to grow at unprecedented rates, monitor inventory at the retail and warehouse level, and correct any low or out-of-stock conditions.
- Preparations are now being made to open Reserve and Summer Training Camps. In all cases, make certain that adequate inventories of our products are ordered and available for each of these camps.
- A reminder: AAFES bookstores and cafeterias are authorized to sell loose packs of cigarettes. Authorization is determined by the individual area where the outlet is located, mainly in the troop areas.

SAMPLING

Plan a sampling program to effectively use the sample cigarettes provided. To help in your preparations:

- Watch the Base newspaper for news of up-coming events.
- Check with outlet managers concerning the possibility of "in-store" activities. (Not in AAFES outlets).
- Check the feasibility of sampling in Clubs and leisure rooms.

1005200195

MERCHANDISINGPLAN A

- Maintain at least 22% share of the carton fixture, in accordance with the specifications in the new AAFES contract. This contract must be adhered to without deviation.
- Attempt to maintain this same share of the carton fixtures at all other military outlets (Navy, Marine, and Coast Guard Exchanges, Commissaries, etc.).
- Wherever possible, "Billboard" Philip Morris brands.
- In all cases, attempt to solicit additional space on the carton fixture, and an increased inventory of our brands.
- Where required, label rows on the carton fixture allocated to our brands.

PLAN A-1

- During the period May 1 - May 15, 1975, the Benson and Hedges 100's "Long Stationery" A-1 Promotion is scheduled in AAFES outlets.
- During the period July 1 - July 15, 1975, the Marlboro "Western Poster" A-1 Promotion is scheduled in AAFES outlets. (NOTE: Where 184 carton bins are unacceptable due to their size, use a 1 or 2 column bin.)
- In all cases, use the catalog sheets provided as a reminder to outlet managers to order extra merchandise to stock displays.
- At the end of each promotion, please provide New York with the following information:
 - Number of bins received.
 - Number of bins installed.
 - Approximate length of time bins remained up.
 - Average number of cartons placed in each bin.
 - Reaction to the Promotion.
- A reminder: The AAFES A-1 contract permits displays with incentives on-shelf or in-bins at any time, with the outlet manager's approval.
- If A-1 contract displays have been set up by any other Philip Morris Representative, be sure to refill these displays as needed. You may also attach sales incentives with appropriate P.O.S. materials to these displays.

B-1 PROGRAM

- This display unit provides important product exposure in high volume outlets.
- Be sure the AAFES display is being properly maintained in compliance with our merchandising contract.

1005200196

SET/SELL DISPLAYS

- . These units should be used in all outlets where single packages are displayed.
- . No payments are to be made for these displays.

VENDING

- . Make certain that the Vending Specialist on Military bases is aware of and understands our New Vending Program.
- . Continue to work with this Specialist in an effort to secure placement of our brands. Please advise your Section Manager of all placement gains.
- . Discuss any problems involving off-base vendors with your Section Manager and/or Area Manager-Distributor Sales.
- . Where applicable, plan presentations on behalf of the Conversion Tool Program. Such presentations should be reviewed with your Section Manager and/or Area Manager-Distributor Sales.
- . Plan to check base vending locations on an on-going basis, as part of normal field activities. Do not wait for a special request to begin these checks.

PACK MASTER MERCHANDISER

- . Pack Master have been widely accepted by Military outlets throughout the country.
- . Pack Master presentations and installations will be on-going programs.
- . Pack Masters and installation brackets may be ordered in the normal manner.

IN-CAR MATERIALS

- . All Military Representatives should keep the following items in their cars to take advantage of promotional opportunities:
 - . One column and two column floor bins.
 - . Assorted incentive items.
 - . Large and Small Cigarette Department Markers.
 - . B-1 Display unit.
 - . 12-column Pack Master.
 - . Assorted current Point-of-Sale Materials.
 - . Assorted Vending labels.
 - . "Special Offer" Tape.

REPORTING

- . The computer program will accept figures up to 999 only (three digits per call). In instances where you pack out more than 999 cartons in a call, fill out two or more call reports to show the total.
- . Please put your name, territory number and date on any material that is sent into the New York office (Competitive information, Plan-O-Grams, news clippings,

1005200197

etc.).

- . In reviewing your computer print-outs, check all aspect such as call card numbers, territory assignments, distribution, store carton volumes, sales, incentives, etc.
- . If there are incorrect entries, make Xerox copies of the page and send to New York to the attention of Mr. Bill Kerr and Mr. G. Karnal.

1005200198

BUILDING NO. 1

1005200199

1005200200



46000-104-000117